

**SOUTH CAROLINA GOVERNOR'S OFFICE –  
MANSION AND GROUNDS**

**COLUMBIA, SOUTH CAROLINA**

**STATE AUDITOR'S REPORT**

**JUNE 30, 2020**



## Independent Accountant's Report on Applying Agreed-Upon Procedures

May 13, 2021

Mr. Steven W. Lake, Director of Administrative Services/SCEIS  
South Carolina Department of Administration  
Columbia, South Carolina

We have performed the procedures described in Attachment 1 on the systems, processes and behaviors related to financial activity of the South Carolina Governor's Office – Mansion and Grounds (the Agency) for the fiscal year ended June 30, 2020. The Agency's management is responsible for the systems, processes and behaviors related to financial activity.

The Agency's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of understanding the systems, processes and behaviors related to financial activity. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged by the Agency to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the systems, processes and behaviors related to financial activity of the Agency for the year ended June 30, 2020. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The concept of materiality does not apply to findings to be reported in an agreed-upon procedures engagement. Therefore, all findings from the application of the agreed-upon procedures must be reported unless the definition of materiality is agreed to by the Agency's management. Management of the Agency has agreed that the following deficiencies will not be included in the State Auditor's Report on Applying Agreed-Upon Procedures:

- Errors of less than \$1,000 related to cash receipts and non-payroll cash disbursements transactions.
- Errors of less than \$1,000 related to reporting packages.

We are required to be independent of the Agency and to meet other ethical responsibilities in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the management of the South Carolina Governor's Office – Mansion and Grounds, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

George L. Kennedy, III, CPA  
State Auditor

**South Carolina Office of the State Auditor**

**Agreed - Upon Procedures Related to South Carolina Governor's Office – Mansion and Grounds (D20)**

**Cash Disbursements/Non-payroll Expenditures**

1. Haphazardly select five purchasing card transactions from the Comptroller General's (CG) listing of purchasing card transactions for fiscal year 2020 and inspect supporting documentation to determine:
  - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with Agency policies.
  - The purchase is authorized based on the cardholder's job title/position
  - The monthly purchase summary was submitted along with applicable receipts and signed by both the supervisor and cardholder or purchase was approved and signed electronically through the Bank of America Works program.
  - The purchase did not exceed the single transaction limit or the individual credit limit and there was no indication of transaction splitting.

We found no exceptions as a result of the procedures.

**Payroll**

2. Haphazardly select five employees terminated during the fiscal year to determine the employee was removed from the payroll in accordance with the Agency's policies and procedures and that the employee's last pay check, including any leave payout, was properly calculated in accordance with applicable State law.

**Finding**

During our inspection of terminations, we observed one temporary employee received his last paycheck in May 2018 but was not terminated from the South Carolina Enterprise Information System (SCEIS) payroll system until February 2020.

**Management Response**

The Governor's Mansion rehires temporary staff as needed to make sure they have proper coverage for events; therefore, keeping their SCEIS account active. Anticipating a situation where a temporary employee was not terminated within a year's time frame, Admin Shared Services Human Resources department (HR) has implemented a process of notifying our partner agencies in advance of when a temporary employee is close to being employed for 12 months. HR must still acquire approval and documentation from our partner agencies prior to being able to process certain actions such as terminations. This new process has positively impacted the Governor's Mansion and HR's responsibility to comply with state regulations.

**Journal Entries and Transfers**

3. Haphazardly select five journal entries and transfers for the fiscal year and inspect supporting documentation to determine:
  - Postings in the general ledger agree to supporting documentation.
  - Transaction is properly approved.
  - The purpose of the transaction.

We found no exceptions as a result of the procedures.

## **Reporting Packages**

4. Inspect fiscal year end reporting packages submitted to the CG. Compare the Master Reporting Package Checklist to reporting packages that were submitted. Compare the dates submitted to the due dates established by the CG's Reporting Policies and Procedures Manual. Compare responses in the Master Reporting Package Checklist and any required supplemental information to SCEIS and Agency prepared records.
5. For the Subsequent Events Questionnaire, compare responses and any required supplemental information to the SCEIS general ledger and Agency prepared records.

We found no exceptions as a result of the procedures.

## **Composite Reservoir Accounts**

6. Determine that the Agency submitted the required Bank Account Transparency and Accountability Report to the State Fiscal Accountability Authority by October first of the fiscal year in accordance with Proviso 117.82 of the fiscal year 2020 Appropriation Act.
7. Obtain fiscal year monthly reconciliations for the composite reservoir account and for two of the reconciliations, perform the following procedures:
  - Recalculate selected reconciliations and determine that they were timely performed and properly documented in accordance with Agency procedures.
  - Agree applicable amounts from reconciliations to the general ledger.
  - Agree applicable amounts from reconciliations to the State Treasurer's Office monthly reports.
  - Determine if reconciling differences were explained and resolved.
  - Determine if adjusting entries were made in the accounting records.
8. Haphazardly select and inspect three composite reservoir account receipts to determine that they were properly described and classified in the accounting records and that they were recorded in the proper fiscal year.
9. Haphazardly select and inspect four composite reservoir account disbursements to determine if these disbursements were properly classified in the accounting records, were disbursements of the Agency, and that goods and/or services were procured in accordance with Agency procedures.

We found no exceptions as a result of the procedures.

## **Appropriation Act / Agency-Specific Provisos**

10. Determine compliance with Agency-specific state provisos 92.1 (Governor's Office Budget); 92.2 (Mansion and Grounds Budget); and 92.3 (Mansion and Grounds Maintenance and Complex Facilities) of the fiscal year 2020 Appropriation Act by inquiring with management and observing supporting documentation.

We found no exceptions as a result of the procedures.

## **Status of Prior Finding**

11. Through inquiry of management and inspection of supporting documentation, determine the Agency has taken appropriate corrective action on the finding reported during the engagement for the prior fiscal year.

See similar finding regarding payroll terminations at **Payroll**.